

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

STANDARD KNITTING, LTD.	:	CIVIL ACTION
	:	
v.	:	
	:	
OUTSIDE DESIGN, INC. et al.	:	No. 00-2288

MEMORANDUM AND ORDER

J.M. KELLY, J.

JUNE, 2000

Presently before the Court is a motion for a change of venue filed by the Defendants, Outside Design, Inc. and Pangaea, Ltd. d/b/a Feathered Friends (the “Defendants”). The motion arises from a trademark infringement action filed by the Plaintiff, Standard Knitting, Ltd. (“Standard Knitting”) in the Eastern District of Pennsylvania. For the following reasons, the Defendants’ motion is granted.

I. BACKGROUND

Standard Knitting is a Canadian corporation that manufactures and sells clothing under the registered trademarks “Tundra” and “Tundra Sport.” The Defendants appear to be a Washington corporation that sells clothing out of a retail store in Seattle, Washington, and via mail order catalogs and the Internet. Through these means, the Defendants market and sell, among other items, a product called “Tundra Pants.” Standard Knitting alleges that the Defendants’ use of the word “tundra” in their product infringes upon their trademark in violation of federal law. Accordingly, they filed suit in this Court for trademark infringement under federal and common law, dilution pursuant to federal and Pennsylvania law, false designation or false description under the Lanham Act, 15 U.S.C. §§ 1051-1127 (1994), and unfair competition under the Lanham Act and Pennsylvania law. The Defendants presently argue that venue is

improper in the Eastern District of Pennsylvania, or alternatively that this is an inconvenient forum, and request that the matter be transferred to the Western District of Washington.

II. DISCUSSION

No specific statute governs venue for trademark infringement claims. See Mida Mfg. Co. v. Femic, Inc., 539 F. Supp. 159, 162 (E.D. Pa. 1982). Accordingly, the venue provisions of 28 U.S.C. § 1391, the general venue statute, apply to such claims. See id. Section 1391(b) provides:

A civil action where jurisdiction is not founded solely on diversity of citizenship may, except as otherwise provided by law, be brought only in (1) a judicial district where any defendant resides, if all defendants reside in the same State, (2) a judicial district in which a substantial part of the events or omissions giving rise to the claim occurred, or a substantial part of property that is the subject of the action is situated, or (3) a judicial district in which any defendant may be found, if there is no district in which the action may otherwise be brought.

28 U.S.C. § 1391(b). In determining venue when one or more of the parties is a corporation, § 1391(c) provides, “a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced.” Id. § 1391(c).

Whether personal jurisdiction over an out-of-state defendant is proper requires a two-part inquiry: first, whether the long-arm statute of the forum state permits the court to exercise jurisdiction over the defendant, and second, whether asserting personal jurisdiction comports with the mandates of the due process clause. See Imo Indus. v. Kiekert AG, 155 F.3d 254, 259 (3d Cir. 1998). Pennsylvania’s long-arm statute permits the exercise of in personam jurisdiction to the fullest extent allowed under the United States Constitution, see 42 Pa. Cons. Stat. Ann. § 5332 (West 1991), therefore the relevant inquiry is whether the exercise of jurisdiction over the

Defendants is consistent with the due process clause.

There are two types of jurisdiction the court may have over a defendant: specific, where the cause of action arises out of the defendant's contacts with the forum, or general, where the claim does not arise out of contacts with the forum, but the defendant's contacts with the forum are "continuous and systematic." See Helicopteros Nacionales de Colombia S.A. v. Hall, 466 U.S. 408, 416 (1984). In order to have specific jurisdiction, three elements must be met. First, the defendant must have the requisite minimum contacts with the forum state through which the defendant purposely availed himself of the benefits of the forum state. See Burger King Corp. v. Rudzewicz, 471 U.S. 462, 475 (1985). Second, the plaintiff's claims must arise from those contacts. See Zippo Mfg. Co. v. Zippo Dot Com, Inc., 952 F.Supp. 1119, 1122-23 (W.D. Pa. 1997). Third and finally, the exercise of jurisdiction must be reasonable in that it comports with "traditional notions of fair play and substantial justice." International Shoe Co. v. Washington, 326 U.S. 310, 316 (1945).

Standard Knitting argues primarily that the Defendants' presence on the World Wide Web, combined with its catalogue sales, subject the Defendants, at a minimum, to specific jurisdiction in the Eastern District of Pennsylvania. The Court notes initially that a mere presence on the Internet is not a sufficient minimum contact to subject a party to personal jurisdiction worldwide. See, e.g., S. Morantz, Inc. v. Hang & Shine Ultrasonics, Inc., 79 F.Supp.2d 537, 539 (E.D. Pa. 1999); Molnlycke Health Care AB v. Dumex Med. Surgical Prods. Ltd., 64 F.Supp.2d 448, 452 (E.D. Pa. 1999); Zippo, 952 F.Supp. at 1124. Instead, in cases involving the Internet, courts have adopted a sliding scale, "on which the constitutionality of the exercise of personal jurisdiction is directly proportional to the level of commercial interactivity

on a corporation's website.” Morantz, 79 F.Supp.2d at 540; see Zippo, 952 F.Supp. at 1124.

On one end of the scale, there are defendants who are clearly doing business over the Internet.

“If the defendant enters into contracts with residents of a foreign jurisdiction that involve the knowing and repeated transmission of computer files over the Internet, personal jurisdiction is proper.” Zippo, 952 F.Supp. at 1124. On the opposite end of the scale are passive websites,

where the defendant has simply made information accessible to those who are interested. Such is not grounds for the exercise of personal jurisdiction. See id. Lastly, in the middle there are

interactive websites where a user can exchange information with the host computer. See id.

There, “the exercise of jurisdiction is determined by examining the level of interactivity and commercial nature of the exchange of information that occurs on the Website.” Id.

In the instant case, there does not seem to be any dispute that the Defendants' website is properly characterized as fully interactive and is one through which business is conducted with residents of foreign jurisdictions, including Pennsylvania. According to the affidavit of Peter Hickner, the President of Pangaea (the “Hickner Affidavit”), the Defendants' total sales to Pennsylvania over the past five years has been approximately \$53,174.00. Additionally, the instant cause of action arises, at least in part, out of those contacts, namely the marketing and sale of Tundra Pants. Therefore, the Court finds that the Defendants' are subject to personal jurisdiction in the Eastern District of Pennsylvania. Accordingly, this District is a statutorily correct venue for this matter.

Nonetheless, the Court finds that in the interests of justice and the convenience of the parties, it is not an appropriate venue. Pursuant to 28 U.S.C. § 1404, “[f]or the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any

other district or division where it might have been brought.” 28 U.S.C. § 1404(a). The decision to transfer an action pursuant to § 1404(a) is discretionary with the Court, reviewed only for abuse of that discretion. See Lony v. E.I. Du Pont de Nemours & Co., 886 F.2d 628, 631-32 (3d Cir. 1989). The party seeking transfer of venue bears the burden of establishing the propriety of such and must submit “adequate data of record” to support its position. See Ricoh Co. v. Honeywell, Inc., 817 F.Supp. 473, 480 (D.N.J. 1993).

In deciding a motion to transfer venue, the Court must first determine whether the alternative forum is a proper venue. See National Paintball Supply, Inc. v. Cossio, 996 F.Supp. 459, 463 (E.D. Pa. 1998). As noted above, venue is proper in a district where all defendants reside. See 28 U.S.C. 1391(b). Standard Knitting has produced no evidence to dispute that the Defendants operate a retail store out of Seattle, Washington, or that they maintain their catalogue and web sales from that district. Clearly, then, this action could just as easily have been commenced in the United States District Court for the Western District of Washington as it was commenced in this Court. The Court therefore finds that the Western District of Washington is a proper venue.

The Court must next consider whether the balance of convenience weighs in favor of transfer. See National Paintball Supply, 996 F.Supp. at 463. In analyzing motions to change venue, courts have looked to certain factors set forth by the Supreme Court relating to the private interest of the litigants and the public interest in the fair and efficient administration of justice.

¹The private interest factors are: (1) plaintiff’s choice of forum; (2) the relative ease of access to sources of proof; (3) the availability and cost of compulsory process for unwilling witnesses; (4) obstacles to a fair trial; (5) the possibility of viewing the premises, if appropriate to the matter; and (6) all other factors relating to the expeditious and efficient administration of the dispute. See Gulf Oil Corp., 330 U.S. at 508-09. The public interest factors are: (1) the relative

See Gulf Oil Corp. v. Gilbert ___, 330 U.S. 501, 508-09 (1988), superseded by statute on other grounds as stated in Gazis v. John S. Latsis (USA), Inc. ___, 729 F. Supp. 979 (S.D.N.Y. 1990).

While they were articulated in the context of deciding a motion to dismiss for forum non convenience, they are helpful in evaluating motions pursuant to § 1404(a) as well.

Instantly, the Court finds that neither the private interest of the litigants nor the public interest in the administration of justice are even minimally advanced by venue being maintained in the Eastern District of Pennsylvania. First, while certainly it is true that the plaintiff's choice of forum should not be lightly disturbed, it "is entitled to less weight where the plaintiff chooses a forum which is neither his home nor the situs of the occurrence upon which the suit is based." National Paintball Supply ___, 996 F. Supp. at 462. The Eastern District of Pennsylvania is clearly not Standard Knitting's home. Indeed it is only tied to this District seem to be through its counsel located here. Further, as Standard Knitting's attorney candidly admitted, to the extent that the Defendants' allegedly infringing conduct was selling "Tundra Pants" in this District, the only such sale was manufactured by Standard Knitting's lawyers. Specifically, there has only been one pair of Tundra Pants purchased in the Eastern District of Pennsylvania, and that purchase was arranged by Standard Knitting's lawyers. Furthermore, to the extent Standard Knitting's claim is based on the Defendants' use of the Internet, given its global nature, this District is hardly the only forum in which their claims arise.

Second, the relative ease of access to sources of proof and evidence does not favor venue

backlog and other administrative difficulties in the two jurisdictions; (2) the fairness of placing the burden of jury duty on the citizens of the state with the greater interest in the dispute; (3) the local interest in adjudicating localized disputes; and (4) the appropriateness of having the jurisdiction whose law will govern adjudicate the dispute in order to avoid difficult conflicts of law problems. See id.

being maintained in this District. While the Court is mindful of Standard Knitting's purported presence in Pennsylvania through its attorneys and the documents they possess, it does not find this factor to be determinative. Indeed, just to be able to bring suit in this District, Standard Knitting requires the presence of counsel. Additionally, according to the Hickner Affidavit, all of the Defendants' operations are located in Seattle, Washington, including the support for its catalogue and web-based sales. It follows, then, that the locus of the infringing activity is more appropriately placed in Washington. Finally, the Plaintiffs' argument that witnesses who have encountered the "tundra" mark on the Defendants' website would only be located in Pennsylvania and would not be in Washington is similarly unpersuasive, as well as unsupported by the evidence. The characterizing virtue of the Internet is its global availability. This includes not only residents of foreign states, but states where retail businesses operate stores as well. Further, given that the one sale of "Tundra Pants" by the Defendants in this District was, in effect, to the Plaintiff, it seems unlikely that the only witnesses to the use of "tundra" by the Defendants on their website would be located here. Thus, in considering the relative ease of access to evidence in this matter, the Court finds that access to proof and witnesses is greater in the Western District of Washington than in this District.

Third, the Defendants argue that litigating this case in the Eastern District of Pennsylvania would impose an undue financial burden, alleging during oral argument that Standard Knitting chose this forum for that reason as a means of harassment. While there is no evidence to support the latter contention, it does seem to the Court that the financial burden on the Defendants is significantly increased by litigating in this forum, as opposed to Washington. Additionally, it is not clear that this argument applies equally to the Plaintiff, as Standard

Knitting has no local presence, other than through its local counsel. Of course, financial concerns alone do not justify a change of venue, see Westcode, Inc. v. RBEElecs, Inc., No. CIV. A.99-3004, 2000 WL 124566, at *8 (E.D. Pa. Feb. 1, 2000), but when considered in light of the foregoing and following discussion, the Court finds it to be an additional factor warranting transfer.

Fourth and finally, this action is new with, at best, attenuated contact to Pennsylvania. The allegedly injured party is a Canadian corporation with no presence in the Commonwealth other than through its local counsel. The Defendants have no presence in the Commonwealth other than through the Internet and its mail order catalogue. Further, there is no indication that the Defendants' website in any way targeted Pennsylvania or that the Defendants actively sought out business from Pennsylvanians through any other means. Finally, the only pair of "Tundra Pants" that have been purchased in this District were bought by Standard Knitting's lawyers.

Conversely, there are significant contacts with Washington. The Defendants operate a retail store, as well as maintain their catalogue and website, out of Seattle. Further, Standard Knitting has a sales representative in Seattle. Therefore, not only is there relative ease of access to evidence and witnesses, but the state actually has an interest in the matter as it involves two business enterprises located within its borders.

Accordingly, because the Court, in its discretion, finds that it would promote both the interests of the parties and the administration of justice to transfer the instant matter to the Western District of Washington, the Defendants' motion is granted.

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ORDER

AND NOW, this day of June, 2000, in consideration of the Motion to Change Venue filed by the Defendants, Outside Design, Inc. and Pangaea, Ltd. d/b/a Feathered Friends (Doc. No. 4), the response of the Plaintiff, Standard Knitting, Ltd. and the oral argument heard on this matter, it is **ORDERED** that the motion is **GRANTED**. The instant matters shall be transferred to the Western District of Washington.

BY THE COURT:

JAMES MCGIRRKELLY, J.